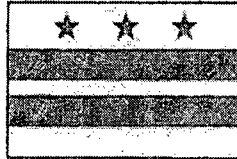


Initial File #: L0000055676

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS
CORPORATIONS DIVISION



CERTIFICATE

THIS IS TO CERTIFY that all applicable provisions of the District of Columbia Business Organizations Code have been complied with and accordingly, this **CERTIFICATE OF AMENDMENT** is hereby issued to:

CGCN GROUP LLC

Effective Date: 2/20/2015

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of this office to be affixed as of 2/20/2015 3:43 PM

Business and Professional Licensing Administration



PATRICIA E. GRAYS
Superintendent of Corporations
Corporations Division

Muriel Bowser
Mayor

Tracking #: dQoVXIhh



**DEPARTMENT OF CONSUMER & REGULATORY AFFAIRS
District of Columbia Government**

Corporations Division

Reset Form

**Certificate/Articles of Amendment for Domestic Limited Liability Company
Form DLC-2, Version 4, April 2013.**

Use this form to amend certificate of organization for a domestic Limited Liability Company in the District of Columbia. Articles of amendment may not amend registered agent and/or organizer.

ENTITY TYPE	FILING FEE
Domestic Limited Liability Company	Refer to Corporate Fee Schedule posted online.

Under the provisions of the Title 29 of D.C. Code (Business Organizations Act), the domestic filing entity listed below hereby applies for a Certificate of Amendment and for that purpose submits the statement below.

1. Name of Limited Liability Company.

Clark Geduldig Cranford & Nielsen, LLC

2. The date of filing of its initial certificate of organization.

September 22, 2011

3. The text of each amendment adopted. (may attach the statement)

FIRST: The name of the limited liability company shall be CGCN Group LLC.

DCRA Corp. Div.

FEB 20 2015

FILE COPY

CSB

4. Effective Date.

February 17, 2015

If you sign this form you agree that anyone who makes a false statement can be punished by criminal penalties of a fine up to \$1000, imprisonment up to 180 days, or both, under DCCC § 22-2405.

5. Name of the Governor or Authorized Person.

Steve Clark

5A. Signature of the Governor or Authorized Person.

Steve Clark

Mail all forms and required payment to:
Department of Consumer and Regulatory Affairs
Corporations Division
PO Box 92300
Washington, DC 20093
Phone: (202) 442-4400

Corporate Online Services Information

Many corporate filings are available by using CorpOnline Service. Go to CorpOnline site at <http://form.dcr.dc.gov>, create the profile, access the online services main page and proceed. Online filers must pay by using the credit card.

Please check dora.dc.gov to view organizations required to register, to search business names, to get step-by-step guidelines to register an organization, to search registered organizations, and to download forms and documents. Just click on "Corporate Registrations."

CGCN GROUP LLC

OPERATING AGREEMENT

(Amended and Restated June 1, 2016)

In accordance with the District of Columbia Limited Liability Company Act (the "Act"). Mike Catanzaro, Steve Clark ("**Clark**"), Jay Cranford, Ed Mullen, Samuel Geduldig ("**Geduldig**"), Mike Nielsen, Patrick O'Connor, Doug Schwartz, and John Stipicevic, being the Members of CGCN GROUP LLC (formerly Clark Geduldig Cranford & Nielsen, LLC (the "**Company**"), a District of Columbia limited liability company, hereby adopt this Operating Agreement of the Company, effective as of the 1st day of January, 2016, amending and restating in its entirety the Operating Agreement of the Company revised as of January 1, 2014 and as of January 1, 2016.

ARTICLE I

FORMATION AND OFFICES

1.1. Formation. Pursuant to the Act, the Members have caused to be formed a District of Columbia limited liability company which was effective upon the filing of the Articles (as hereafter defined) of the Company with the Corporations Division of the Department of Consumer and Regulatory Affairs of the District of Columbia ("DCRA"). The Members shall execute or cause to be executed all amendments of the Articles, and do all filing, recording and other acts as may be appropriate under the Act.

1.2. Principal Office. The principal office of the Company shall be located at such place as the Members may determine from time to time.

1.3. Registered Office and Registered Agent. The location of the registered office and the name of the registered agent of the Company in the District of Columbia shall be as stated in the Articles, or as shall be determined from time to time by the Members and filed with DCRA.

1.4. Addition of Strategic Communications Practice to CGCN Group LLC. Ed Mullen and Patrick O'Connor are joining the Company as Members to add a Strategic Communications practice to the existing Advocacy practice of the Company. The

parties intend to combine their existing practices and clients in the Company and cooperatively develop their respective practices in a combined cooperative effort as one entity. Ed Mullen and Patrick O'Connor have entered into a written agreement (the "Agreement") with the Company setting out the arrangement between them and the existing CGCN Members regarding origination of business, allocation of fees, considerations for annual review of Interest percentages, and provision of a transfer fee reflecting an "Expense/Brand Transfer" of existing CGCN Group LLC business structure, infrastructure, administration, facilities and good will developed by the existing CGCN Members prior to the combination of practices. The Agreement has been approved by Resolution of the existing CGCN Members as a Contract of the Company.

1.5. Practice Area Divisions. The Company shall conduct the Business cooperatively as one enterprise but shall operate primarily in two disciplines which comprise the Business of the Company, and shall provide services through nominal Divisions, namely the CGCN Advocacy Division, which shall continue to provide legislative and issue advocacy primarily with the Federal Government, and the CGCN Strategic Communications Division, which shall provide media relations, grassroots activities, blog posting, conservative messaging, opposition research, polling, and web design geared to corporate and coalition messaging.

ARTICLE II

DEFINITIONS

2.1 Defined Terms. As used herein, the following terms have the following meanings, unless the context otherwise specifies:

"Act" means the District of Columbia Limited Liability Company Act. Title 29, Chapter 8 of the 2014 District of Columbia Code, as amended or substituted from time to time.

"Additional Member" shall have the meaning set forth in Section 8.6 below.

"Affiliate" means any Person directly or indirectly controlling, controlled by, or under common control with another Person, and any Person (i) owning or controlling more than 50% of the outstanding voting securities of such Person, (iii) who is an officer,

director, manager or partner of such Person, or (ii) who acts in a management, ownership or agency capacity for a Person who is an officer, director, manager or partner of such Person.

"Articles" means the Certificate of Organization of the Company filed with DCRA on September 22, 2011, as amended from time to time.

"Available Cash" means the aggregate amount of cash or other assets (as determined by the Managing Member) on hand or in bank, money market or similar accounts of the Company at any time derived from any source (other than capital contributions, loan proceeds or liquidating transactions) and which the Managing Member determines is available for distribution to the Members after taking into account any amount maintained as Reasonable Reserves.

"Bankruptcy" of a Member means when (i) an order for relief is entered in any case under Title 11 of the United States Code with respect to the Member as a debtor, (ii) the Member has filed or acquiesced in the filing of a petition in any court, other agency or political subdivision (including, but not limited to, federal or state court) in any bankruptcy, reorganization, receivership, composition, extension, arrangement or insolvency proceeding, or (iii) the Member has executed and delivered a general assignment for the benefit of his creditors.

"Business" means the legislative and issue advocacy consulting and related services conducted by the CGCN Advocacy Division of the Company and the media relations, grassroots activities, blog posting, conservative messaging, opposition research, polling, web design and related services conducted by the CGCN Strategic Communications Division of the Company, and to carry on all lawful business activities incidental thereto, including without limitation the entry into Contracts in furtherance of such business activities.

"Capital Account" means the separate capital account maintained by the Company for a Member in accordance with the provisions of Code section 704(b) and the Treasury Regulations thereunder solely for tax and accounting purposes.

"Capital Contributions" to the Company means the aggregate of the cash and fair market value (net of liabilities secured by contributed property which the Company

is considered to assume or to take subject to under Code section 752) of a Member's capital contribution (if any) that are designated as capital contributions in an amendment to this Operating Agreement and in the records of the Company maintained at the Company's principal place of business. The term Capital Contribution shall not include any amount constituting a loan to the Company by a Member.

"Clark" refers to Steve Clark.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Expenses" means all general overhead and all other Operating Expenses of any nature whatsoever incurred by the Company, other than Specified Expenses, for which the Members are liable to compensate the Company in proportion to their respective Interests.

"Company Monthly Financial Statement(s)" has the meaning set forth in Section 5.1.

"Contract" means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

"Debt Service" means the total of all payments, including principal and interest, payable in any period with respect to any loans to the Company or any other loans pursuant to which the properties or assets of the Company are encumbered.

"DC Code" means the 2014 District of Columbia Code, as amended or replaced from time to time.

"DCRA" means the District of Columbia Department of Consumer and Regulatory Affairs, Corporations Division, as that agency or its name may be modified or replaced from time to time.

"Disability" means A physical or mental condition whereby, for a period which is reasonably expected to last at least one hundred eighty (180) consecutive calendar days or one hundred eighty-one (181) calendar days within a period of three hundred sixty-five (365) consecutive calendar days, a Person is (i) under a legal decree of incompetency, or

(ii) eligible for benefits for more than 50% disability under any group or individual disability insurance policy (as confirmed by the insurance company), or (iii) unable to perform substantially all of his regular duties, as determined by two (2) licensed examining physicians, to which examination each Employee-Owner hereby consents

"Division" refers to the CGCN Strategic Communications Division of the Company or the CGCN Advocacy Division of the Company, as the context requires.

"Existing Client" has the meaning set forth in Section 4.5.

"Existing Client Revenue" has the meaning set forth in Section 4.5.

"Fiscal Period" shall have the meaning set forth in Section 5.1 below.

"Geduldig" refers to Samuel Geduldig.

"Indemnatee" shall have the meaning set forth in Section 7.2 below.

"Interest" means all of a Member's rights and interests in the Company in such Member's capacity as a Member of the Company, including such Member's economic interest and the right (if any) to vote such Interest as provided in this Agreement or in any applicable Resolution, which is stated as a percentage in **Schedule A**, as amended from time to time by Unanimous Agreement.

"Majority in Interest" means any group of Members holding an aggregate of more than 50% of the Interests held by all Members, unless otherwise indicated.

"Managing Member" The Person(s) serving as Managing Member pursuant to Article VI of this Agreement. All references to "Manager" in this Agreement shall include and mean all Persons serving as Managing Member at any time.

"Members" means those persons executing or joining in this Operating Agreement as members of the Company whose names are set forth in **Schedule A**, as amended from time to time, directly or through an attorney in fact, including any Substitute Members or Additional Members, in each such Person's capacity as a member of the Company.

"Net Income or Net Loss" means the income or loss, as the case may be, of the Company for an accounting period as determined in accordance with Section 703(a)(1) of

the Code, including each item of income, gain, loss or deduction required to be separately stated, but excluding gain or loss from a sale or any liquidating transaction.

"New Client" has the meaning set forth in Section 4.2.

"New Client Revenue" has the meaning set forth in Section 4.2.

"Notice" means a writing, containing the information required by this Operating Agreement to be communicated to a party, sent by United States Certified or Priority mail, return receipt requested and postage prepaid, or by electronic mail, to such party at the last known address of such party as shown on the records of the Company, the date of receipt thereof as evidenced by the return receipt of United States mail or deliver confirmation of electronic mail, as the case may be, being deemed the date of receipt thereof.

"Operating Agreement" means this Operating Agreement of the Company, as amended from time to time.

"Operating Expenses" means all costs and expenses of the Company incurred in the ordinary course of operating the Business in any period.

"Originating Division" has the meaning set forth in Section 4.2.

"Originating Member(s)" or has the meaning set forth in Section 4.2.

"Person(s)" means any individual, partnership, limited liability company, corporation, cooperative, trust or other entity.

"Plus Up" has the meaning set forth in Section 4.3.

"Profits" or "Losses" means, for an accounting period or part thereof, the Net Income or Net Loss (or item of Net Income or Net Loss) of the Company:

(a) as determined by the outside independent certified public accountants for the Company for federal income tax purposes (for this purpose, all items of income, loss, gain or deduction required to be separately stated shall be included in taxable income or loss); **plus**

(b) income and gain exempt from tax and not otherwise included in taxable income or loss; **less**

(c) expenditures of the Company not deductible in computing the Company's taxable income and not properly chargeable to capital account or treated as described in Code section 705(a)(2)(B) and not otherwise taken into account in taxable income or loss.

"Property" means any property owned by the Company.

"Reasonable Reserves" means a reserve funded by the Company in an amount determined by the Managing Member not to exceed two (2) months of average Operating Expenses and Debt Service and no less than one (1) month of average Operating Expenses and Debt Service, or such greater or lesser amount determined and set forth from time to time in any applicable Resolution.

"Resolution" means a resolution not inconsistent with this Agreement duly adopted by the Members holding a Supermajority. A resolution adopted by the Members shall not be considered inconsistent with this Agreement if such resolution does not conflict with an express provision of this Agreement, as amended.

"Specified Expenses" means costs and expenses incurred by the Company which are not Common Expenses (a) as approved by the Managing Member specifically and solely for a single Member or for his benefit, such as a special allowance or reimbursement not made available to other Members, (b) costs and expenses designated by the Managing Member as specifically and solely in support of a Division, and (c) costs and expenses other than compensation to Members and Company employees incurred by the Company exclusively to support provision of services to a client from which New Client Revenue or Plus Ups is earned.

"Subscription Agreement" means a written Contract between the Company and a Member (whether an existing Member or a Substitute Member or Additional Member), authorized by the Managing Member and approved by the Members pursuant to Section 6.10(b), pursuant to which such Member shall (a) acquire an Interest in the Company specified therein and (b) agree to take and hold such Interest subject to, and bound by, the provisions of this Agreement as the same applies to Members and their respective Interests. The provisions of this Agreement and the provisions of any such Subscription Agreement shall not be considered inconsistent with each other if such Subscription

Agreement does not conflict with any of the express provisions of this Agreement or of a Resolution. Each such Subscription Agreement shall be deemed to amend, and shall be incorporated into, this Agreement as an essential part of this Agreement.

"Substitute Member" shall have the meaning set forth in Section 8.4.

"Supermajority" means Members holding more than seventy percent (70%) of Interests of the outstanding Interests entitled to be voted, which must include at least four (4) Members of the CGCN Advocacy Division.

"Transfer" means (i) when used as a verb, to give, sell, exchange, assign, transfer, pledge, hypothecate, bequeath, devise or otherwise dispose of or encumber, and (ii) when used as a noun, the nouns corresponding to such verbs, in either case voluntarily or involuntarily, by operation of law or otherwise.

"Unanimous Agreement" means the agreement, whether written or otherwise, of Members holding 100% of the Interests, unless otherwise specified in this Agreement.

ARTICLE III

CAPITALIZATION OF THE COMPANY

3.1. **Initial Interests.** The Members of the Company and their respective initial Interests in the Company are set forth on **Schedule A** attached hereto, as it may be amended from time to time. If the Interest of any Member changes for any reason, such changes shall be reflected on an amended **Schedule A** and in the books and records of the Company. The Members of the Company are participants within their respective Divisions, and their relative percentage interests within their respective Divisions, used to determine how they share within their Divisions when sharing in relation to their Interests, are also set forth on **Schedule A**, which are also subject to amendment from time to time by agreement of the participating Members of each such Division.

3.2. **Capital Contributions.** No Member has made any Capital Contribution to the Company and Members shall not be required to make any Capital Contribution to the Company except as otherwise provided in an amendment to this

Operating Agreement. Capital Contributions shall be designated as such by amendment to this Operating Agreement and in the records of the Company maintained at the Company's principal place of business.

3.3. Benefit. The provisions of this Article III are not intended to be for the benefit of any creditor or other person (other than a Member in his capacity as a Member) to whom any debts, liabilities or obligations are owed by (or who otherwise has any claim against) the Company or any of the Members; and no such creditor or other person shall obtain any right under any such provision against the Company or any of the Members by reason of any debt, liability or obligation, or otherwise.

3.4. Capital Withdrawal Rights. Interest, and Priority. Except as expressly provided in this Operating Agreement or by law, no Member shall be entitled to demand or receive the distribution or return of such Member's Capital Contribution, if any. No Member shall be entitled to receive or be credited with any interest on the Member's Capital Contributions, if any, at any time.

3.5. Capital Accounts. Each Member shall have a single Capital Account, regardless of the time or manner in which any portion of such Member's Interest was acquired. If a Member makes or permits a transfer of all or any portion of his Interest to another Person in accordance with Article VII of this Agreement, the Substitute Member shall succeed to the Capital Account of the transferor Member to the extent such Capital Account relates to the transferred Interest.

3.6. No Distribution of Capital Account on Resignation or Withdrawal. A Member who resigns or withdraws from the Company shall not be entitled to any distribution or return of his Capital Account unless the other Members, in their sole and absolute discretion, agree by Unanimous Agreement, excluding Interests which are held, directly by the resigning or withdrawing Member, or indirectly by a limited liability company or corporation wholly owned and controlled by the resigning or withdrawing Member that such a distribution shall be made and determine the amount of such distribution.

ARTICLE IV

ALLOCATIONS

4.1 Allocation of Profits and Losses. Profits and Losses of the Company shall be accounted for collectively from all Business conducted by CGCN Advocacy Division and CGCN Strategic Communications Division, and shall also be booked separately by Division for the purpose of applying the provisions of this Article IV and Article V. Except as otherwise provided in Sections 4.2, 4.3, 4.4 and 4.5, Profits and Losses shall be allocated to the Members in proportion to their respective Interests set forth on Schedule A, as amended.

4.2 Allocation of Profits from New Clients Originated by a Member for His Division. In the event a Member introduces a client to the Company for services to be performed primarily by his Division (the "Originating Division") who has not previously done business with the Company (each such client a "New Client"), such Member (hereafter an "Originating Member") shall be allocated sixty-six percent (66%) of the income derived from the revenue collected from such New Client (such amount of revenue from a New Client to be known as "New Client Revenue") for the first 12 months of such New Client's engagement with the Company. The remaining thirty-four percent (34%) of income derived from such New Client Revenue during the first 12 months of such New Client's engagement with the Company shall be allocated in the case of the CGCN Advocacy Division in equal amounts to the Members who did not originate the New Client Revenue, and in the case of the CGCN Strategic Communications Division to the other Member of the Division when there are two Members in the Division, and in equal amounts to the other Members when there are more than two Members in the Division.

4.3 Allocation of Profits from "Plus Ups". In the event that the amount of a monetary retainer held by the Company from an existing client is increased through effort of a Member (hereafter a "Plus Up Originating Member") during the term of this Operating Agreement, such Plus Up Originating Member(s) for such existing client shall be allocated sixty-six percent (66%) of the income derived from the revenue collected from such existing client in the amount by which such retainer has been increased (such increased amount of revenue to be known as a "Plus Up") during a period of 12 months following the

date on which such Plus Up is instituted. The remaining thirty-four percent (34%) of income derived from the revenue collected from any such Plus Up collected during the period of 12 months following the date on which such Plus Up is instituted shall be allocated in the case of the CGCN Advocacy Division in equal amounts to the Members who did not originate the Plus Up, and in the case of the CGCN Strategic Communications Division to the other Member of the Division when there are two Members in the Division, and in equal amounts to the other Members when there are more than two Members in the Division.

4.4 Allocation of Profits from New Clients Originated by one Division for the Other Division. In the event an Originating Member introduces a New Client to the Company for services to be performed not by the Originating Division but by the other Division, twenty percent (20%) of the New Client Revenue from such New Client for the first 12 months of such New Client's engagement with the Company shall be allocated to the Originating Division, and such Originating Member shall be allocated sixty-six percent (66%) of the twenty percent (20%) New Client Revenue allocated to the Originating Division. The remaining thirty-four percent (34%) of the twenty percent (20%) New Client Revenue allocated to the Originating Division derived from such New Client Revenue during the first 12 months of such New Client's engagement with the Company shall be allocated in equal amounts to the Members of the Originating Division who did not originate the New Client Revenue, or to the other Member in the Division when there are two members in the Division. The remaining eighty percent (80%) of New Client Revenue from such New Client for the first 12 months of such New Client's engagement with the Company shall be allocated to the other Division who performs the services, to be allocated among its Members in proportion to their respective percentage interests in such Division set forth on **Schedule A**.

4.5 Allocation of Profits from Existing Clients of One Division Introduced to the Other Division. In the event one Division introduces an existing client of that Division (each such client an "**Existing Client**") to the other Division for services to be performed by the other Division, twenty percent (20%) of the income derived from the revenue collected from such Existing Client (such amount of revenue from an Existing Client to be known as "**Existing Client Revenue**") for the first 12 months the other Division provides services to such Existing Client shall be allocated to the Division that introduced the

Existing Client to the other Division, to be allocated among its Members in proportion to their respective percentage interests in such Division set forth on **Schedule A**. The remaining eighty percent (80%) of Existing Client Revenue from such Existing Client for the first 12 months of such Existing Client's engagement with the Company shall be allocated to the other Division who performs the services, to be allocated among its Members in proportion to their respective percentage interests in such Division set forth on **Schedule A**.

4.6 Originating Member. The decision as to which Member or Members (when there is more than one) constitute the Originating Member(s) for a particular New Client or the Plus Up Originating Member(s) for a Plus Up of a particular existing client shall be made by the Managing Member. In the event the Members determine that more than one Originating Member exists for a particular New Client, or more than one Plus Up Originating Member is responsible for the Plus Up of a particular existing client, the manner in which the revenue originating with that New Client or the Plus Up originating with that particular client, as the case may be, is to be allocated during the first 12 months following the date of such New Client's engagement or such Plus Up is instituted with the Company shall be agreed upon by the Originating Members at the time of the start of such New Client's engagement with the Company, or by the Plus Up Originating Members at the time the Plus Up is instituted, as the case may be.

4.7 Allocations of Losses Related to New Client Revenue and Plus Ups. Losses, if any, derived from generating New Client Revenue and Plus Ups shall be allocated to Members in the proportion that they receive distributions of New Client Revenue and Plus Ups as provided in Article V. In the event the Company has no Losses related to the generation of New Client Revenue or Plus Ups from a client, all Specified Expenses incurred by the Company specifically related to such New Client Revenue or Plus Ups as determined by the Company outside independent certified public accountant in his reasonable professional discretion shall be allocated to the Members in the proportion that they receive distributions of such New Client Revenue and Plus Ups as provided in Article V.

4.8 Calendar Year and Cash Basis Allocations of Profits, Losses and Expenses. All allocations of Profits, Losses and related expenses shall be made on a

December 31 calendar year basis, and on a cash basis, reflecting revenue received and expenses incurred in such calendar year.

ARTICLE V

DISTRIBUTIONS AND EXPENSES

5.1 Monthly Financial Statements. The books and financial records of the Company shall be maintained by a bookkeeper engaged by the Company for such purpose, to maintain such books and financial records consistently applying generally accepted accounting principles and using an electronic accounting system recommended by the Company's outside independent certified public accountant. The bookkeeper shall be required to provide the Managing Member an unaudited and unreviewed income statement and balance sheet for each calendar month (for each month, a "**Company Monthly Financial Statement**") within ten (10) calendar days following the calendar month most recently ended (each, a "**Fiscal Period**"), together with separate Division statements of income and expenses for the CGCN Advocacy Division and CGCN Strategic Communications Division containing as much as practicable breakdowns by individual Members of New Client Revenue, Plus Ups, and Specified Expenses related to the Members of each such Division.

5.2 Distributions. The Managing Member shall review the Company Monthly Financial Statement for each Fiscal Period, and the separate statements of income and expenses for each of the Divisions, as soon as practicable to determine the amount of Available Cash and the manner in which it should be distributed by Division and among Members within each Division. The Managing Member shall then distribute the Available Cash for such Fiscal Period to the Members no later than ten (10) calendar days after his receipt of the Company Monthly Financial Statement for such Fiscal Period in the manner as follows:

- (a) To CGCN Advocacy Division Members in the following priority:

(i) sixty-six percent (66%) of the New Client Revenue originating with each New Client of the CGCN Advocacy Division which is to be performed by such Division during the first 12 months of such New Client's engagement with the Company collected in each Fiscal Period from such New Client shall be distributed to the Originating Member(s), if any (in the proportion agreed by the Originating Members if there is more than one), and the remaining thirty-four percent (34%) of such New Client Revenue collected from any such New Client during the first 12 months of such New Client's engagement with the Company shall be distributed in equal amounts to the Members of the CGCN Advocacy Division who did not originate the New Client Revenue; subject to reduction by the amount of Expenses charged to the Members in accordance with the provisions of Section 5.3 below;

(ii) sixty-six percent (66%) of the revenue originating with each Plus Up of the CGCN Advocacy Division which is to be performed by such Division during a period of 12 months following the date on which such Plus Up is instituted collected in each Fiscal Period from such client shall be distributed to the Plus Up Originating Member(s), if any (in the proportion agreed by the Plus Up Originating Members if there is more than one), and the remaining thirty-four percent (34%) of such revenue collected from any such Plus Up during a period of 12 months following the date on which such Plus Up is instituted shall be distributed in equal amounts to the Members of of the CGCN Advocacy Division who did not originate the Plus Up; subject to reduction by the amount of Expenses charged to the Members in accordance with the provisions of Section 5.3 below; and

(iii) revenue from income other than that originating from New Client Revenue and Plus Ups of the CGCN Advocacy Division which is to be performed by such Division which is allocable to the CGCN Advocacy Division under Article IV and is collected in each Fiscal Period shall be distributed to the Members of the CGCN Advocacy Division in proportion to their respective percentage interests in such Division set forth on Schedule A.

(b) To CGCN Strategic Communications Division Members:

(i) sixty-six percent (66%) of the New Client Revenue originating with each New Client of the CGCN Strategic Communications Division which is to be performed by such Division during the first 12 months of such New Client's engagement with the Company collected in each Fiscal Period from such New Client shall be distributed to the Originating

Member(s), if any (in the proportion agreed by the Originating Members if there is more than one), and the remaining thirty-four percent (34%) of such New Client Revenue collected from any such New Client during the first 12 months of such New Client's engagement with the Company shall be distributed in equal amounts to the Members of the CGCN Strategic Communications Division who did not originate the New Client Revenue, or to the other Member in the Division when there are two members in the Division; subject to reduction by the amount of Expenses charged to the Members in accordance with the provisions of Section 5.3 below;

(ii) sixty-six percent (66%) of the revenue originating with each Plus Up of the CGCN Strategic Communications Division which is to be performed by such Division during a period of 12 months following the date on which such Plus Up is instituted collected in each Fiscal Period from such client shall be distributed to the Plus Up Originating Member(s), if any (in the proportion agreed by the Plus Up Originating Members if there is more than one), and the remaining thirty-four percent (34%) of such revenue collected from any such Plus Up during a period of 12 months following the date on which such Plus Up is instituted shall be distributed in equal amounts to the Members of the CGCN Strategic Communications Division who did not originate the Plus Up, or to the other Member in the Division when there are two members in the Division; subject to reduction by the amount of Expenses charged to the Members in accordance with the provisions of Section 5.3 below;

and

(iii) revenue from income other than that originating from New Client Revenue and Plus Ups of the CGCN Strategic Communications Division which is to be performed by such Division which is allocable to the CGCN Strategic Communications Division under Article IV and is collected in each Fiscal Period shall be distributed to the Members of the CGCN Strategic Communications Division in proportion to their respective percentage interests in such Division set forth on Schedule A.

(c) next, to repay any loans made by Members to the Company, to be distributed among such Members *pari passu* in proportion to the respective loan balances and accrued interest owed to each such Member by the Company until all such loans are repaid in full;

(d) next, to Members in proportion to the respective Interests of the Members set forth on Schedule A, as amended, or as otherwise specified in this Operating Agreement; and

(e) finally, to the Members in proportion to the respective balances of their Capital Accounts, if any, until each of the Capital Accounts has been reduced to zero.

5.3 Deduction of Expenses. All Company general overhead and Operating Expenses shall be borne by the Members and charged against and deducted from Member distributions under Section 5.2 above in the following manner:

(a) Specified Expenses shall be allocated to Members (i) for whose specific requirement and sole benefit such expenses were approved and expended, or (ii) for whose benefit such expenses are incurred by the Company, to the extent of sixty-six percent (66%), exclusively to support provision of services to a client from which New Client Revenue or Plus Ups are earned, or (iii) of a Division for costs and expenses designated by the Managing Member as specifically and solely in support of such Division, and shall be deducted from the amount of any distributions owed to such Members from time to time when distributed; and

(b) Common Expenses shall be allocated to Members in proportion to their respective Interests set forth on Schedule A, as amended, and shall be deducted from the amount of any distributions owed to Members from time to time when distributed.

5.4 Reasonable Reserves. The Managing Member shall establish, maintain and expend Reasonable Reserves to provide for Debt Service and ongoing Operating Expenses of the Company, and for such other purposes as in the exercise of his reasonable business judgment he may deem necessary or advisable or which may be approved by a Resolution.

5.5 Restriction on Distributions. No distribution shall be made which would result in liabilities of the Company exceeding the assets of the Company or which would require obtaining a loan from any source other than from Members.

5.6 Member Override. The Members holding a Supermajority, excluding Interests which are not held, directly by the Managing Member, or indirectly by a limited liability company or corporation wholly owned and controlled by the Managing Member, may, at any time within thirty (30) days after a determination by the Managing Member, override by Resolution such Managing Member's determination under this Article V the amount of Available Cash available for, and the manner of, distribution, and the amount of Reasonable Reserves.

ARTICLE VI

MANAGEMENT AND CONTROL

6.1 Manager-Managed. Except to the extent the Articles or this Agreement provides otherwise, all powers and authorities of the Company shall be exercised, and the Business and affairs of the Company shall be conducted and controlled, by and under the supervision of the Managing Member.

6.2 Managing Member. The initial Managing Member shall be Steve Clark.

6.3 Term of Managing Member. The initial Managing Member shall hold office until his successor(s) has been elected and qualified, or until the earlier of (i) his resignation from the position of Managing Member, (ii) his removal by the Members as set forth in Section 6.5 (iii) his expulsion from the Company by the Members as set forth in Section 6.10(b), (iv) his death or Disability, (v) his Bankruptcy; (vi) his employment with the Company is terminated, or (vii) the Managing Member ceases being a direct or indirect owner of an Interest. All references in this Agreement to the Managing Member shall mean all Persons serving as Managing Member as a group when there is more than one Managing Member, who shall take action by affirmative vote of the majority of all Managing Members reflected in a written resolution describing the action taken and the vote tally.

6.4 Power and Authority of the Managing Member.

(a) Except as otherwise expressly provided in the Articles or this Agreement, the Managing Member shall have the exclusive right, power and authority on behalf of the Company, and in its name, to exercise all of the rights, powers and authority of the Company under the Act. The Managing Member shall discharge his duties as Managing Member in accordance with the standards of conduct set forth in the Act. Except as set forth in Section 6.10(a) or as otherwise expressly provided in this Agreement, the Managing Member may approve and execute Contracts in the name and on behalf of the Company. Any action taken by the Managing Member in accordance with the requirements of this Article VI shall not be considered inconsistent with this Agreement if such action does not conflict with an express provision of this Agreement.

(b) The Members shall not be permitted or required to vote on, or otherwise participate in the approval or determination of, any action involving the Business and affairs of the Company other than the election, removal or replacement of the Managing Member as set forth below in this Article VI, and as provided in Section 6.10 and as otherwise expressly provided in this Agreement.

(c) Without limitation of the authority and powers hereinabove conferred upon the Managing Member, but subject to the provisions of Section 6.10 below and other limitations under this Agreement, the Managing Member is hereby authorized, empowered and directed to, and is hereby granted the specific right, power and authority to do, in the name of, and on behalf of, the Company all things that, in his sole judgment, are necessary, proper or desirable to carry out the Business of the Company, including but not limited to the right, power and authority, but not the obligation:

(i) to lease real estate and/or personal property and to cause to have constructed improvements upon any real estate necessary, convenient or incidental to the accomplishment of the purposes of the Company;

(ii) to borrow money on behalf of the Company and issue evidences of indebtedness in furtherance of any or all of the purposes of the Company, and to secure the repayment by security interest, pledge or other lien or encumbrance on Company properties or any other assets of the Company;

(iii) except as required under Section 6.10 below, to enter into any Contract or activity, and to cause the Company to perform and carry out Contracts of any kind, whatsoever necessary to, or in connection with, or incidental to the accomplishment of the purposes of the Company, so long as those activities and Contracts may be lawfully carried on or performed by the Company under applicable laws and regulations;

(iv) to procure and carry public liability, workmen's compensation, fire and casualty, extended coverage, business interruption, and errors and omissions insurance policies required by law and those deemed by the Managing Member to be necessary and appropriate to protect the interests and property of the Company and the Members;

(v) to procure and carry life and other insurance as approved under Section 6.10(a) below, including without limitation insurance owned by the Company alone or co-owned by other parties, for any lawful purpose consistent with the interests of the Company;

(vi) to the extent funds of the Company are available therefor, to pay all taxes, assessments and other impositions applicable to the Company;

(vii) to the extent funds of the Company are available therefor, to pay all debts and other obligations of the Company, and to pay any interest, penalties, fees or other costs related to such debts or other obligations;

(viii) to engage attorneys, accountants, insurance agents, financial advisors, investment advisors and other professional consultants and advisors who are properly licensed and independent from the Company and the Managing Member, at reasonably competitive rates or remuneration, for the performance of any and all services which may at any time be deemed by the Managing Member to be necessary, proper, convenient or advisable to carry on the Business;

(ix) to generally do all things the Managing Member deems necessary to the efficient management of the Company which do not require the affirmative vote or consent of Members under Section 6.10 below; and

(x) to designate in writing one or more other Members with authority to exercise any of the foregoing powers or other management powers or authority under express terms.

6.5 Removal and Resignation of a Managing Member. The Managing Member may be removed at any time upon the vote of Members holding a Supermajority in Interest excluding Interests which are held, directly by the Managing Member or indirectly by a limited liability company or corporation wholly owned and controlled by the Managing Member. A Managing Member may resign from such position at any time upon giving thirty (30) days' prior written notice to the Members. Any vacancy created in a Managing Member position by removal, resignation or otherwise shall be filled by the vote of Members holding a Supermajority. Any Managing Member elected to take the position of a Managing Member position vacated shall serve the unexpired term of his predecessor, or until the earlier of (i) his resignation from the position of Managing Member, (ii) his removal by the Members as set forth in this Section 6.5), (iii) his expulsion from the Company by the Members as set forth in Section 6.10(b), (iv) his death or Disability, (v) his Bankruptcy; (vi) his employment with the Company is terminated, or (vii) the Managing Member ceases being direct or indirect owner of an Interest. In the event at any time when there are no Managing Members serving the Members fail to elect a Managing Member, then the Company shall become and thereafter be a member-managed limited liability company until such time as a new Managing Member is elected by the affirmative vote of Members holding a Supermajority. In the event the Company becomes a member-managed limited liability company under the provisions of this Section 6.5, all references in this Agreement to the Managing Member shall mean the Members until such time as a Managing Member is appointed.

6.6 Quorum and Voting. Members holding a Majority in Interest constitute a quorum for the transaction of business.

6.7 Annual Meetings of Members. Annual meetings of Members, if held, shall be held on such date and time and at such place as shall be designated from time to time by the Members and stated in the notice of meeting, in which they shall transact such business as may properly be brought before the meeting. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each Member entitled to vote

at such meeting not fewer than ten (10) nor more than sixty (60) days before the date of the meeting. Attendance at a meeting by a Member shall constitute a waiver of notice of such meeting.

6.8 Special Meetings. Special meetings of Members, for any purpose or purposes, may be held by waiver of notice and consent or may be called by the Managing Member on his own initiative or through a request in writing from any Members holding a Majority of Interest. Such request shall state the purpose or purposes of the proposed meeting. Written notice of a special meeting stating a place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not fewer than three (3) nor more than ten (10) days before the date of the meeting, to each Member entitled to vote at such meeting. Attendance at a special meeting by a Member shall constitute a waiver of notice of such meeting.

6.9 Consent in Lieu of Meeting. Unless otherwise specified in this Operating Agreement or by Resolution, whenever the vote of the Members at a meeting thereof is required or permitted to be taken for or in connection with any action, a vote of the Members may be dispensed with if all of the Members shall consent in writing to such action by Unanimous Agreement.

6.10. Extraordinary Matters.

(a) **Matters Requiring Approval of Supermajority.** Notwithstanding any provision in this Agreement or any Resolution to the contrary, the written approval of the Managing Member and the affirmative vote or written consent of Members holding a Supermajority shall be necessary for the approval of the following matters:

- (i) establishing or changing compensation payable to the Managing Member for his services in such capacity in excess of reimbursement of the Managing Member's reasonable expenses;
- (ii) entry into Contracts or other transactions with the Managing Member or any of his Affiliates to furnish labor, supervision or materials as a third-party contractor or supplier on any project performed by the Company;

- (iii) paying (on behalf of the Company) any fees, expenses, commissions or other compensation to any Member or Affiliate thereof or other intercompany transactions between the Company and its Affiliates;
- (iv) hiring or terminating any employee or contractor;
- (v) materially modifying or altering the compensation package for any key management employee or otherwise materially modifying the employment agreement of any key management employee;
- (vi) adopting, approving, modifying and/or supplementing the annual operating budget and, if applicable, the annual capital budget of the Company; provided, however, that, in the event an annual operating budget cannot be agreed upon by the Members, the prior year's operating budget (adjusted for the applicable consumer price index) shall apply;
- (vii) adopting, approving, modifying and/or supplementing the annual business plan of the Company
- (viii) expending Company funds, or undertaking any obligations by or on behalf of the Company, where such expenditures incurred (or to be incurred) at any one time exceeds \$10,000.00, or in the aggregate during any calendar year exceeds \$50,000.00, and are not otherwise authorized under the applicable budget with respect to the line item attributable to such expenditure(s);
- (ix) taking any loan on behalf of the Company in excess of \$10,000 at one time or cumulatively in a calendar year;
- (x) forgiveness or compromise of any debt owed to the Company, other than by a Member, in excess of \$10,000.00;
- (xi) establishing cash reserves on behalf of the Company which exceed the amount of Reasonable Reserves;
- (xii) modifying, amending, extending or terminating any management agreement (or any successor management agreement);
- (xiii) selecting or changing the auditors of the Company;
- (xiv) commencing, settling or otherwise initiating or disposing of an action or other legal proceeding;

- (xv) changing the fiscal year or method of accounting of the Company;
- (xvi) opening a new office;
- (xvii) effecting a material change in the Business, including, without limitation, offering a new service line of the Business which is not offered at the date of this Agreement, such as
- (xviii) purchasing life insurance on the life of any Member or liability insurance for the Managing Member as the insured to insure against liability related to his conduct as Managing Member;
- (xix) causing the Company to file an election under Code section 754 to provide for an optional adjustment to the basis of the Company's assets;
- or
- (xx) employment of a family member for permanent employment.

(b) Matters Requiring Unanimous Agreement. Notwithstanding any provision in this Agreement (other than the provisions of Section 6.11 regarding expulsion of a Member) or any Resolution to the contrary, the written approval of the Managing Member and Unanimous Agreement of the Members shall be necessary for approval of the following matters:

- (i) an amendment for the establishment or authorization of any class of Interest not previously established or authorized under the provisions of this Agreement, including the determination of any designation therefor and the determination of the rights of such new class to share in the capital, equity/capital appreciation and/or profits of the Company, or any combination of or any one of the foregoing, and the voting rights (if any), tax allocations, rights to distributions, rights upon dissolution or liquidation, preferences, limitations and other terms, conditions and other relative rights or restrictions applicable to such new class of Interests;
- (ii) the Transfer of a Member's Interest to any Person;

(iii) a determination that any distribution or return of Capital Account is to be made to a resigning or withdrawing Member, and the amount of such distribution;

(iv) the admission of a Substitute Member or an Additional Member and the terms and conditions of such Substitute Member's or Additional Member's Subscription Agreement;

(v) an amendment to and replacement of Schedule A for modification and reallocation of the relative Interests of Members to reflect admission of Substitute Members and Additional Members, or to reflect relative contribution to the Company which the Members agree warrants reallocation of Interests;

(vi) the expulsion of a Member (subject to the requirements of Section 6.11);

(vii) forgiveness or compromise of any debt owed to the Company, by a Member;

(viii) the merger of the Company with one or more domestic or foreign limited liability companies, limited partnerships, registered limited liability partnerships, business trusts or corporations under the applicable provisions of the Act;

(ix) the sale or other disposition of all or substantially all of the assets of the Company other than in the ordinary course of business;

(x) any act which would make it impossible to carry on the Business of the Company, except as otherwise provided in this Agreement or by Resolution;

(xi) make a general assignment of the Company's assets for the benefit of creditors;

(xii) confess a judgment against the Company, seek appointment of a conservator for the Company, voluntarily seek protection for the Company under state insolvency or federal bankruptcy law; or

(xiii) make any amendment or restatement of this Agreement or the Articles of the Company.

6.11 Expulsion. A Member's Interest may be terminated either by judicial order upon application of the Company under DC Code § 29-806.02(5), or by Unanimous Agreement as set forth in this Section 6.11. Except as otherwise provided by Resolution, any Member may be expelled from the Company, and the entire Interest of such expelled Member shall thereupon be cancelled and surrendered, by Unanimous Agreement of the Member Interests which are not held, directly by the Member, or indirectly by a limited liability company or corporation wholly owned and controlled by such Member, being expelled in the event such Member engages in conduct described in DC Code § 29-806.02(4), (5), or 6(B)(ii), or which is otherwise unlawful or dishonest and is deemed by the Company to detrimentally impact the Company, its Business and/or its clients. In the event a Member disputes a determination by the Company without seeking a judicial order that he should be expelled by Unanimous Agreement, then within thirty (30) days following receipt of written notice from the Managing Member or Members holding a Majority in Interest notifying such Member of the determination and specifying the basis upon which such determination was made, such Member may dispute such determination under the provisions of Section 11.4. In full satisfaction and retirement of the expelled Member's Interest, the Company shall pay to the expelled Member One Dollar (\$1.00). The fact that any other right or remedy of the Company is provided by applicable law or by this Agreement in respect of any conduct by a Member shall not preclude the Company's enforcement of the remedy of expulsion set forth in this Section 6.11 (unless such remedy is prohibited or restricted under the provisions of an applicable Resolution).

ARTICLE VII

LIABILITY AND INDEMNIFICATION

7.1 Liability of Members.

No Member shall be liable for any obligations of the Company. Other than may be required by an amendment of this Operating Agreement or by Resolution, no Member shall be required to make any Capital Contribution or lend any funds to the Company. No distribution of cash or other assets made to any Member shall be determined a return or withdrawal of a Capital Contribution, and no Member shall be obligated to pay

any such amount to or for the account of the Company or any creditor of the Company. Except as otherwise provided herein, no Member with a negative balance in such Member's Capital Account shall have any obligation to the Company or any other Member to restore said negative balance to zero.

The Members understand, acknowledge and agree that the liability under all Contracts and agreements entered into by the Company for the benefit of the Company, including, but not limited to, that certain Agreement of Sublease by and between Lazard Freres & Co., LLC and the Company dated October 30, 2013, shall be borne solely by the Company and that no Member shall have any additional personal liability whatsoever related to such Contracts and agreements, outside of the liabilities of the Company imposed by applicable law.

7.2 Indemnification. The Managing Member and his Affiliates and their respective stockholders, directors, officers, partners, agents, employees, heirs and personal representatives (individually, an "Indemnatee") shall be indemnified and held harmless by the Company from and against any and all losses, claims, damages, liabilities, expenses (including legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, in which the Indemnatee may be involved, or threatened to be involved, as a party or otherwise by reason of the fact that such Person is or was a Managing Member or an Affiliate thereof or a stockholder, director, officer, agent, partner or employee thereof, which relates to or arises out of the Company, its assets, business or affairs, if in each of the foregoing cases (i) the Indemnatee acted in good faith and in a manner such Indemnatee believed to be in, or not opposed to, the best interests of the Company, and, with respect to any criminal proceeding, had no reasonable cause to believe such Indemnatee's conduct was unlawful; and (ii) the Indemnatee's conduct did not constitute gross negligence or willful or wanton misconduct. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that the Indemnatee acted in a manner contrary to that specified in (i) or (ii) above. Any indemnification pursuant to this Article VII shall be

made only out of the assets of the Company and no Managing Member or Member shall have any personal liability on account thereof.

7.3 Indemnatee Expenses. Expenses (including reasonable legal fees) incurred by an Indemnatee in defending or investigating any actual or threatened claim, demand, action, suit or proceeding described in Section 7.2 shall, from time to time, be advanced by the Company, but only from Reasonable Reserves or other available cash which is not subject to distribution under the provisions of Article V, prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of the Indemnatee to repay such amount if it shall be determined that the Indemnatee is not entitled to be indemnified as authorized in this Article VII. Any advance in accordance with this Section 7.3 shall be a Common Expense.

7.4 Non-Exclusivity. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall not be exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under Section 29-804.08 of the Act, the Articles, this Operating Agreement, any other agreement, a Resolution, a policy of insurance, or otherwise, and shall not limit in any way any right that the Company may have to make additional indemnification with respect to the same or different persons or classes of persons. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall continue as to a Person who has ceased to be Managing Member and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of such a Person.

7.5 Insurance. Upon approval pursuant to Section 6.10(a), the Company may purchase and maintain insurance on behalf of the Managing Member against any liability asserted against him and incurred by him in such capacity, or arising out of his status as Managing Member, whether or not the Company would have the power to indemnify him against such liability under this Article VII.

7.6 Reliance by Managing Member. In discharging his duties, any Managing Member, when acting in good faith, may rely upon information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by (a) one or more officers or employees of the Company whom the Managing

Member reasonably believes to be reliable and competent in the matters presented, (b) counsel, independent certified public accountants, independent professional bookkeepers or other Persons as to matters that the Managing Member believes to be within that person's professional or expert competence, or (c) a committee of Members upon which the Managing Member does not serve, duly designated by the Members, as to matters within its designated authority, if the Managing Member reasonably believes that the committee is competent.

ARTICLE VIII

TRANSFERS OF INTERESTS

8.1 General Restrictions. No Member may Transfer all or any part of such Member's Interest, except with prior approval pursuant to Section 6.10(b) and subject to the rights of the Company and the Members pursuant to Section 8.7. Any purported Transfer of an Interest in violation of the terms of this Operating Agreement shall be null and void and of no effect. A permitted Transfer shall be effective as of the date specified in the instruments relating thereto. Any transferee desiring to make a further Transfer shall become subject to all the provisions of this Article VIII to the same extent and in the same manner as any Member desiring to make any Transfer.

8.2 Further Limitation. It is expressly understood and agreed that no Transfer of any Interest (or any part thereof) shall be permitted under any circumstances whatsoever by any Member if the Transfer would, or could, cause a termination of the Company for federal income tax purposes or would, or could, otherwise have any adverse federal income tax or federal or state securities law consequences with respect to the Company.

8.3 Permitted Transfers. In connection with each Transfer permitted pursuant to this Article VIII, each Member shall have the right to Transfer (but not to substitute the assignee as a Substitute Member in such Member's place, except in accordance with Section 8.4 below), by a written instrument, all or any part of such Member's interest.

8.4 Substitute Members. No permitted assignee or transferee of all or part of a Member's Interest in connection with a Transfer approved pursuant to Section 8.1 shall become a Substitute Member in place of the transferor unless and until:

- (a) the Managing Member and Members approve the Transfer of the transferor's rights as a Member in the Company to the transferee pursuant to Section 6.10(b);
- (b) the transferor (if living) has stated such intention in the instrument of assignment;
- (c) the transferee has executed a Subscription Agreement accepting and adopting the terms and provisions of the Articles and this Operating Agreement; and
- (d) The transferee has caused to be paid all reasonable expenses of the Company in connection with the admission of the transferee as a Substitute Member.

Upon satisfaction of all the foregoing conditions with respect to a particular transferee, the Managing Member shall cause the records of the Company and **Schedule A**, as amended, of this Operating Agreement to be duly amended to reflect the admission of the transferee as a Substitute Member. Unless and until admitted as a Substitute Member, a permitted transferee of a Member's Interest shall only be entitled to receive, to the extent of the Interest transferred to such transferee, the economic interest of the transferor.

8.5 Effect of Admission of a Substitute Member. Upon admission of a transferee as a Substitute Member pursuant to Section 8.4, a transferee who has become a Substitute Member has, to the extent of the Interest transferred to such Substitute Member, all the rights and powers of the Person for whom such Substitute Member is substituted and such Substitute Member shall be subject to the restrictions and liabilities of a Member under this Article VIII and otherwise under this Operating Agreement and the Act. Upon admission of a transferee as a Substitute Member, the transferor of the Interest so acquired by the Substitute Member shall cease to be a Member of the Company to the extent of such Interest transferred. A Person shall cease to be a Member upon assignment of all of such Member's Interest, regardless of whether the transferee becomes a Substitute Member.

8.6 Additional Members. Any Person acceptable to the Members may become an Additional Member of the Company for such consideration, and on such terms

and conditions, as the Managing Member and Members shall determine and approve pursuant to Section 6.10(b), provided that such Additional Member complies with all the requirements of a transferee under Section 8.4 above (except for Subsection 8.4(d)). No Additional Member shall be entitled to any retroactive allocation of Net Income, Net Losses or expense deductions incurred by the Company.

8.7 Effect of Withdrawal or Resignation on Membership Interest. In the event any Member should withdraw, resign, retire, die or suffer Disability or Bankruptcy during the Term of this Operating Agreement, such Member's Interest shall automatically vest wholly and solely in the remaining Members in proportion to their respective Interests as set forth on Schedule A, as amended. Notwithstanding anything in this Section 8.7 or elsewhere in this Agreement to the contrary, in the event of Clark's withdrawal, expulsion, resignation, retirement, death, Disability or Bankruptcy, one-hundred percent (100%) of Clark's Interest shall transfer wholly and solely to Geduldig without the requirement of further approval or other action by the Managing Member or the Members.

ARTICLE IX

DISSOLUTION AND TERMINATION

9.1 Events Causing Dissolution. The Company shall be dissolved upon the first to occur of the following events:

- (a) the Unanimous Agreement of the Members to dissolve;
- (b) except as otherwise agreed upon in this Operating Agreement, as amended, any other event causing a dissolution of the Company under the provisions of the Act.

9.2 Liquidation. In the event of dissolution of the Company, then the Managing Member shall proceed with dispatch and without any unnecessary delay to sell or otherwise liquidate the Company's assets and, after paying or duly providing for all liabilities to creditors of the Company, to distribute the net proceeds of sale and any other liquid assets of the Company among the Members in the manner set forth in Section 9.3.

9.3 Cash Distributions Upon Dissolution.

(a) Upon the dissolution of the Company as a result of the occurrence of any of the events set forth in Section 9.1, the Managing Member shall proceed to liquidate the Company and the liquidation proceeds shall be applied and distributed in the following order of priority:

(i) First, to the payment of debts and liabilities of the Company in the order of priority as required by law (other than any loans or advances that may have been made by any of the Members to the Company) and the expenses of liquidation.

(ii) Second, to the establishment of any Reasonable Reserve that the Managing Member may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company during liquidation. Such Reasonable Reserve may be paid over by the Managing Member to any attorney at law, or other party acceptable to Members holding a Majority in Interest, as escrow agent to be held for disbursement in payment of any of the aforementioned liabilities and, at the expiration of such period as shall be deemed advisable by the Managing Member, for distribution of the balance, in the manner provided in this Article IX.

(iii) Third, to the repayment in full of any loans or advances that may have been made to the Company by the Members to the Company, but if the amount available for such repayment shall be insufficient, then *pari passu* on account thereof.

(iv) Fourth, *pro rata* to the Members, in accordance with their respective percentage Interests set forth in Schedule A, as amended, or as otherwise specified in this Operating Agreement, as amended, or by Unanimous Agreement of the Members.

ARTICLE X

ACCOUNTING AND BANK ACCOUNTS

10.1 Fiscal Year and Accounting Method. The fiscal year and taxable year of the Company shall be a December 31 calendar year, except as otherwise approved pursuant to Section 6.10(a). The accounting method of the Company shall be the cash method of accounting, except as otherwise approved pursuant to Section 6.10(a).

10.2 Books and Records.

The books and records of the Company shall be maintained at the principal office of the Company or otherwise at a location to be determined by the Managing Member.

Each Member (or such Member's designated representative) shall have the right during ordinary business hours and upon reasonable notice to the Managing Member to inspect and copy (at such Member's expense) any books and records of the Company.

10.3 Year-End Financial Reports. As soon as reasonably practicable after the end of each fiscal year of the Company, the Managing Member shall cause to be prepared and delivered to each Member all financial information with respect to the Company necessary for preparation of the Members' federal and state income tax returns.

10.4 Tax Returns, Elections, and Tax Matters Member. The Managing Member shall cause to be prepared and timely filed all federal, state and local income tax returns or other returns or statements required by applicable law. The Company shall claim all permissible deductions and make such elections for federal or state income tax purposes which the Managing Member reasonably determines in his judgment to produce the most favorable tax results for the Company and its Members.

10.5 Certain Tax Elections. If there is a distribution of any of the Company's assets as described in Code section 734, or if there is a transfer of an Interest as described in Code section 743, then, upon the request of any Member, the Managing

Member with the approval of a Supermajority shall cause the Company to file an election under Code section 754 to provide for an optional adjustment to the basis of the Company's assets.

10.6 Bank Accounts. All funds of the Company shall be deposited in one or more separate checking, money market or similar account(s) in the Company's name in such financial institutions approved by the Managing Member with approval of the Members holding a Majority in Interest. Withdrawals and payments therefrom shall be made only by the Managing Member and such other Persons authorized to do so by Members holding a Majority in Interest.

ARTICLE XI

MISCELLANEOUS

11.1 Independent Contractors. The Members agree that the Company may enter into agreements with third-party independent contractors from time to time as approved by the Managing Member.

11.2 Title to Assets. Title to the Property and all other assets acquired by the Company shall be held in the name of the Company. No Member shall individually have any ownership interest or rights in the Property or any other assets of the Company, except indirectly by virtue of such Member's ownership of an Interest. No Member shall have any right to seek or obtain a partition of the Property or other assets of the Company, nor shall any Member have the right to any specific assets of the Company upon the liquidation of or any distribution from the Company.

11.3 Nature of Interest in the Company. A Member's Interest shall be personal property for all purposes.

11.4 Deadlock and Dispute.

(a) **Deadlock.** Notwithstanding anything to the contrary contained herein, in the event of a dispute or deadlock among the Members which they are unable to resolve themselves after using their best efforts to do so within thirty (30) days after written notice from one Member to one or more other Members citing such dispute or deadlock, such

dispute or deadlock shall be resolved in accordance with the provisions of subsection 11.4(b) below.

(b) Mediation and Arbitration. All disputes and controversies between or among any one or more of the Members, the Managing Member and/or the Company arising out of or in connection with this Agreement or the operation of the Company, except for temporary restraining orders or injunctive relief sought, that cannot first be resolved by direct communication shall be submitted to mediation invoked by any Member in writing to the other interested Members and to the Company and, if mediation does not resolve any such dispute or controversy, it shall be submitted to binding arbitration as the sole remedy pursuant to the following procedure. Any party may, by written notice to the others within thirty (30) days after the controversy has arisen hereunder, appoint an arbitrator who shall be either an attorney or an accountant. If the parties cannot agree to such arbitrator or another arbitrator within fifteen (15) days after written notice of the appointment of the arbitrator is received by the other party or parties, the first party shall apply to the Superior Court of the District of Columbia to appoint a second arbitrator pursuant to the provisions of the District of Columbia Revised Uniform Arbitration Act, Title 16, Chapter 44 of the District of Columbia Code (the "DC Code"). When two arbitrators have been appointed as hereinabove provided, they shall agree on a third arbitrator and shall appoint him by written notice signed by both of them and a copy mailed to each party hereto within fifteen (15) days after such appointment. Upon his appointment, the third arbitrator shall hold an arbitration hearing in the District of Columbia within thirty (30) days after such appointment. The arbitration shall be subject to the provisions of the DC Code, as it may be in effect at the time of the arbitration. The arbitrator shall permit prior to the hearing by each of the parties limited discovery on a schedule as determined by the arbitrator in his or her sole discretion to be appropriate for the matter being arbitrated; provided that each party shall be entitled to no more than two sets of interrogatories, production of documents and admissions served by each party upon the other parties, and to a reasonable number of depositions as permitted by the arbitrator in his sole discretion. At the hearing the arbitrator shall allow each party to present his case, evidence, and witnesses, if any, in the presence of the other parties, and shall render a written judgment and his award, if any, including a provision for payment of costs and expenses of arbitration to be paid by one or more of the parties, as the arbitrator deems

just in his sole discretion. The decision of the arbitrator shall be binding on the parties (although each party shall retain his right to appeal any questions of law arising at the hearing, provided such party posts a bond in the amount equal to 125% of the arbitrator's award with the appellate tribunal), and judgment may be entered thereon in any court having jurisdiction

11.5 Waiver of Default. No consent or waiver, express or implied, by the Company, the Managing Member or a Member with respect to any breach or default by the Managing Member or another Member hereunder shall be deemed or construed to be a consent or waiver with respect to any other breach or default by such Managing Member or Member of the same provision or any other provision of this Operating Agreement. Failure on the part of the Company, the Managing Member or a Member to complain of any act or failure to act of the Managing Member or another Member or to declare such Managing Member or other Member in default shall not be deemed or constitute a waiver by the Company, the Managing Member or any other Member of any rights hereunder.

11.6 Amendment. This Operating Agreement may be amended at any time pursuant to Section 6.10(b).

11.7 No Third Party Rights. None of the provisions contained in this Operating Agreement shall be for the benefit of or enforceable by any third parties, including creditors of the Company. The parties to this Operating Agreement expressly retain any and all rights to amend this Operating Agreement as herein provided, notwithstanding any interest in the Operating Agreement or in any party to this Operating Agreement held by any other Person.

11.8 Severability. In the event any provision of this Operating Agreement is held to be illegal, invalid or unenforceable to any extent, the legality, validity and enforceability of the remainder of this Operating Agreement shall not be affected thereby and shall remain in full force and effect and shall be enforced to the greatest extent permitted by law.

11.9 Binding Agreement. Subject to the restrictions on the disposition of Interests herein contained, the provisions of this Operating Agreement shall be binding upon,

and inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

11.10 Headings. The headings of the Articles and sections of this Operating Agreement are for convenience of reference only and shall not be considered in construing or interpreting any of the terms or provisions hereof.

11.11 Interpretation. Except as otherwise provided herein, to the extent provisions or terms of this Operating Agreement are subject to varying interpretations or constructions, the parties intend that such provisions and terms be interpreted consistent and in accordance with any similar provisions and terms set forth in the Act and successor laws.

11.12 Governing Law. This Operating Agreement shall be construed according to and governed by the laws of the District of Columbia, but without regard to District of Columbia choice of law rules.

11.13 Counterparts. This Operating Agreement may be executed in one or more counterparts, all of which shall constitute but one and the same Operating Agreement.

IN WITNESS WHEREOF, the Members have caused this Operating Agreement to be duly executed as of the date first written above.

Mike Catanzaro, Member

Steve Clark, Member

Jay Cranford, Member

Samuel Geduldig, Member

Ed Mullen, Member

Mike Nielsen, Member

Patrick O'Connor, Member

Doug Schwartz, Member

John Stipicevic, Member

REDACTED